

Message Text

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ACTION EB-11

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7188

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LIMITED OFFICIAL USE KHARTOUM 2207

E.O. 11652: N/A

TAGS: BEXP, SU

SUBJ: POSSIBLE SALE OF GM LOCOMOTIVES TO SUDAN RAILWAYS (SR)

REF: KHARTOUM 2132

1. SUMMARY: GM APPEARS HAVE GOOD CHANCE MAKE SALE TO SR WITH KEY FACTOR BEING POSSIBLE SHORTENING OF DELIVERY PERIOD. MINSTATE AT PRESIDENCY HAS PERSONALLY ASKED AMBASSADOR WHETHER US MIGHT BE HELPFUL WITH GM ON LATTER POINT. BELIEVE FOR BOTH COMMERCIAL AND POLITICAL REASONS GM SHOULD BE URGED TO DO WHAT IT CAN IN THIS REGARD SO LONG AS ITS OTHER FOREIGN COMMITMENTS RE DELIVERY NOT ADVERSELY AFFECTED. ACTION AREQUESTED. THA DEPT AND COMMERCE NOTE TO APPROPRIATE GM OFFICIALS IMPORTANCE IN TERMS SUCCESSFUL SALE OF DOING ALL POSSIBLE OFFER EARLIER DELIVERY OF DESIRED LOCOMOTIVES.

2. GM APPROACH TO GOS: GM REP OTIS SMALL HAS SPENT LAST FEW DAYS IN KHARTOUM SEEKING PIN DOWN SALE OF AT LEAST 10 GM LOCOMOTIVES TO SR. MOSTBF PROBLEMS APPEAR HAVE BEEN RESOLVED WITH SR APPARENTLY WILLING ACCEPT (IF DELIVERY PROMPT) GM TYPE LOCOMOTIVE EVEN THOUGH IT NOT WHAT THEY ACCUSTOMED TO OR WHAT THEY WOULD BASICALLY PREFER. FINANCING APPEARS SET THROUGH JAPANESE SOURCES WHICH, ACCORDING SMALL, OFFERING COMBINATION JAPANESE-EXIM BANK AND COMMERCIAL FINANCING. KEY FACTOR APPEARS BE TIMING OF DELIVERY. SMALL HAS OFFERED ELEVEN LIMITED OFFICIAL USE

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MONTHS, BUT SUDANESE ASKING FOR LESS. SMALL HAS CABLED

HOME OFFICE URGING FURTHER TIGHTENING ICASCHEDULE. SR HAS ASKED FOR EXTENSION OF DEADLINE ON GM/JAPANESE OFFER UNTIL OCT 15 REPORTEDLY WHILE IT SEEKS COMPETING QUOTATION FROM ENGLISH ELECTRIC.

3. GOS APPROACHES TO EMBASEH: MINISTER OF STATE FOR SPECIAL AFFAIRS OF PRESIDENCY, DR. BAHÄ EL-DPZÄ MUHAMMED IDRIS, TOLD AMBASSADOR DURING CALL THAT GOS MOST EAGER FOR EARLY DELIVERY OF LOCOMOTIVES AND ASKED THAT AMBASSADOR DO WHAT HE COULD TO GET GM IMPROVE DELIVERY. SUBSEQUENTLY, IN MEETING WITH SMALL WHICH MADE AT DR. BAHÄ'S REQUEST (EMBOFF PRESENT), HE TOLD MALL THAT PRESIDEN NIMEIRI HAD AUNED DR. BAHÄ TO SEE SMALL AND TO STRESS IMPORTANCE WHICH PRESIDENT ATTACHED TO EARLY DELIVERY.

4. COMMENTARY:
FROM COMMERCIAL STANDPOINT IT APPEARS CLEAR DELIVERY DATE WILL BE KEY FACTOR OA GM TO XAKES ALZG. AS OFFFER NOW STANDS, GM PROBABLY CAN BEAT ENGLISH ELECTRIC ON DELIVERY AT LEAST FOR COMPLETION OF ENTIRE ORDER OF TEN LOCOMOTIVES.HOM ALSO MAY WELL BE CHEAPER. BUT IT IS CLEAR THAT TYPE OF LOCOMOTIVES ENGLISH ELECTRIC WILL OFFER (DUAL CAB, STREAMLINED, PRESSURIZED) IS STILL SR'S PREFERENCE. IF GM OFFER ONLY marginally BETTER WE WOULD GUESS SR WILL STICK WITH COMPETITION.

5. FROM POLITICAL STANDPOINT, WE DO NOT WISH EXAGGERATE CASE. IT IS CLEAR, HOWEVER, THAT GOBSAND NIMEIRI PERSONALLY PLACE CONSIDERABLE IMPORTANCE ON EARLY IMPROVEMENT OF SR. OBVIOUSLY, ANYTHING THAT US ACTION THROUGH GM CAN DO TO HELP ACHIEVE THIS GOAL WILL BE APPRECIATED IN HIGHEST CIRCLES OF GOS.

6. ACTION REQUESTED: THAT APPROPRIATE CONTACT BE MADA WITH GM TO STRESS ONCE AGAIN THE IMPORTANCE OF EARLY DELIVERY IN TERMS SUCCESSFUL LOCOMOTIVE SALE TO SR. EMBASSY WOULD NOT, HOWEVER, WISH GFS ACTIONS IN RESPONSE TO SUDAN'S REQUEST BE NTLRJAT EXPENSE OTHER FOREIGN BUYER WHOSE NEEDS MAY BE AS GREAT AS THOSE HERE.

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